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HOUSE COUNCIL PASSES LEGISLATION TO ADDRESS MEDICAID FISCAL CHALLENGE

~Measure results in reduced costs, maintains quality of care~

TALLAHASSEE, FL – Today the Select Policy Council on Strategic & Economic Planning passed a Medicaid reform measure which takes advantage of a managed care model to potentially save Florida billions of dollars in Medicaid costs and improve quality of care. The Council passed Proposed Committee Bill (PCB) 10-03 and PCB 10-04 relating to Medicaid. PCB 10-03 proposes a five-year implementation for a statewide, fully integrated, managed care system that will control costs, significantly reduce fraud and abuse, and most importantly, provide better and more stable care for Medicaid participants. PCB 10-04 will expand the current Medicaid Managed Care Reform pilot program to Miami-Dade County, where estimated savings in this county could be as much as \$41.8 million for fiscal year 2011.

“As Florida experiences the most challenging economic times in memory, it is even more apparent that the current Medicaid system is unsustainable,” stated Representative Denise Grimsley (R-Lake Placid), sponsor of the measure. “Under the recent health care reform passed in Washington, Florida’s Medicaid enrollment is expected to swell by over a million new participants. This expansion will impact the state budget dramatically. This bill takes advantage of the managed care model that will result in reduced costs and increased efficiency while maintaining quality of care.”

For the past 8 years, the Medicaid program has grown at a rate of over 7% per year. Currently, the Medicaid program is expected to consume nearly 28.3% of the total state budget for fiscal year 2009-10. In addition to current annual increases, the federal health care reform legislation recently signed into law by President Obama will expand Medicaid services to over a million additional Floridians, placing an even greater financial burden on the program. The swelling costs must be controlled in order for our state to continue to provide quality care to our state’s most vulnerable populations.

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Shifting fee for service models to statewide managed care has the potential to provide substantial cost reductions while improving quality of care measures. According to the 2009 Social Services Estimating Conference, fee for service and managed fee for service served 58% of the Medicaid population while consuming 81% of the total Medicaid costs. Based on the same report, 42% of Medicaid participants utilizing the managed care model only accounted for 19% of total Medicaid costs.

Under the proposed plan, the state would be divided into 6 regions, and each region will have a minimum of 3 to 5 plans and a maximum of 7 to 10 plans, depending on the size of the region. Providers wishing to participate will submit bids to the state and will be selected based on several factors such as price, accreditation, experience, access to providers, community partnerships, commitment to quality improvement, additional benefits and performance history. The plans will be required to resubmit bids every 5 years to ensure the state is receiving the greatest value.

Florida's Medicaid Managed Care Reform pilot is currently operating in five counties: Broward, Baker, Clay, Duval and Nassau. A study of the reform pilot program by the University of Florida showed a reduction in the per member per month Medicaid costs by as much as \$95 for those enrolled in a Provider Service Network and \$26 per member per month reduction overall. The PCB's would begin expansion of managed care immediately to Miami-Dade County--the county with the state's largest Medicaid population, and provide a 5-year implementation period for moving the remainder of Medicaid participants into a capitated managed care system.

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